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Executive Director

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Deputy Executive Director

Bay Area Toll Authority (BATA) MINUTES

July 23, 2008

Lawrence D. Dahms Auditorium

101 8th Street, 1st Floor

Oakland, California

Attendance

Chair Dodd convened the meeting at 10:06 a.m. In addition to Chair Dodd, the following Authority members were in attendance: Tom Ammiano, Tom Azumbrado, Tom Bates, Dean Chu, Dorene Giacomini, Federal Glover, Anne Halsted, Sue Lempert, Jon Rubin, Bijan Sartipi, Jim Sperring, Adrienne Tissier, Amy Worth, and Vice Chair Scott Haggerty.

Consent Calendar

The Authority unanimously approved the following items on the Consent Calendar:

- Minutes of the June 25, 2008 Authority meeting.

Resolution No. 81, – BATA Finance Plan

Vice Chair Haggerty requested that Mr. Brian Mayhew, BATA staff, provide the Authority with an overview of the proposed financing and provisions of BATA Resolution No. 81. Mr. Mayhew stated that BATA Resolution No. 81 authorizes the actions necessary to refund the existing \$2.4 billion Ambac insured variable rate debt portfolio. BATA has a \$2.4 billion variable portfolio insured by Ambac. Ambac, has since lost its “AAA” ratings and is now rated in the “AA” category and put on negative watch by Moody’s and Standard & Poor’s. Since there is little prospect of Ambac restoring its “AAA” ratings, staff is proposing to replace the Ambac insured bonds with uninsured bonds. The recommended bond refunding process is proposed as follows:

- Suspend the current Ambac insurance policies.
- Replace \$1.7 billion of the \$1.9 billion variable rate portfolio with uninsured variable rate bonds utilizing the new bank facility document developed by BATA.
- Refund \$510 million Auction Rate Bonds (ARB) portfolio as well as up to \$200 million of the currently insured variable rate portfolio with uninsured fixed rate bonds.
- Modify the existing swap contracts for Auction Rate Securities (ARS) and variable rate bonds converted to fixed rate bonds through a process of terminating, renegotiating or adding to the existing swap contracts in order to maintain the existing low interest rate levels.

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While most of the \$2.4 billion Ambac insured portfolio will be reissued as uninsured bonds, BATA is not completely eliminating the insurance policy altogether. Ambac has offered two options to facilitate the transaction, a suspension of the policy for three years or issuance of a 3-year forward premium.

Resolution No. 81 authorizes the steps necessary to complete the conversion of up to \$2.4 billion in Ambac insured bonds to uninsured bonds. The recommended actions should represent the final steps required to correct the insured debt portfolio.

In response to questions and comments from the Authority, Mr. Mayhew stated that there are national efforts to examine rating agency requirements for government debt and Mr. Francis Chin, BATA Legal Council, stated that staff will be looking at any legal recourse that may exist due to the added expenses that BATA has incurred related to the bond refunding.

The Authority unanimously approved BATA Resolution No. 81.

BATA Resolution No. 74, Revised, Bid Documents and Specifications for the San Francisco-Oakland Bay Bridge East Span Replacement Project Yerba Buena Island Transition Structures Contract.

The Authority unanimously approved BATA Resolution No. 74, Revised, to authorize release of the bid documents for the San Francisco-Oakland Bay Bridge East Span Replacement Project Yerba Buena Island Transition Structures Contract.

Public Comment/Other Business/Next Meeting/Adjournment

There being no further business, Chair Dodd adjourned the meeting at 10:52 a.m.